

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO. 2017-294-C

Re:

Application of Southern Light, LLC)
for a Certificate of Public Convenience)
and Necessity to Provide Resold and)
Facilities-Based Local Exchange and)
Interexchange Telecommunications)
Services in the State of South Carolina,)
and for Alternative and Flexible Regulation)
)
and)
)
for Authority to Merge Tower Cloud, Inc.)
with and into Southern Light, LLC, with)
Southern Light, LLC Surviving)
_____)

DIRECT TESTIMONY OF JEFFREY R. STRENKOWSKI

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A. My name is Jeffrey R. Strenkowski. My business address is 10802 Executive Center**
3 **Drive, Suite 300, Little Rock, Arkansas, 72211.**

4 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

5 **A. I am Vice President and Deputy General Counsel of Governmental Affairs at Uniti Group**
6 **Inc. (“Uniti Group”), which is the corporate parent of both Southern Light, LLC**
7 **(“Southern Light”) and Tower Cloud, Inc. (“Tower Cloud”).**

8 **Q. PLEASE BRIEFLY OUTLINE YOUR BACKGROUND.**

9 **A. I joined Uniti Group in May 2017, and have the responsibility for managing the**
10 **regulatory and governmental affairs for the company and its subsidiaries, including**

1 Southern Light and Tower Cloud. Prior to joining Uniti Group, I served as the
2 company's outside counsel for telecommunications regulatory affairs while employed as
3 an attorney in the Telecommunications, Media and Technology practice group at Morgan
4 Lewis & Bockius LLP in Washington, DC. In that capacity I represented U.S. and
5 foreign communications and technology companies, including Uniti Group and its
6 subsidiaries, on a broad range of corporate, financial and regulatory matters. I advised
7 carriers, Internet content providers, application developers, and other clients on a wide
8 range of state, federal and international regulatory, privacy, data security, data retention,
9 and consumer protection matters. I received my bachelor of arts degree from the
10 University of Maryland in 1999, and my law degree from American University,
11 Washington College of Law in 2002. I have been actively employed in private practice
12 on a full-time basis since receiving my law degree, until moving to Uniti Group in my
13 current position in May 2017.

14 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING HERE TODAY AND WHAT IS**
15 **THE PURPOSE OF YOUR TESTIMONY?**

16 **A.** I am testifying on behalf of Southern Light and Tower Cloud (together, the
17 "Applicants"). Through their joint Application, the Applicants seek: 1) authority for
18 Southern Light to provide facilities-based and resold local exchange and interexchange
19 services in South Carolina, and 2) authority for Tower Cloud to merge with and into
20 Southern Light, with Southern Light surviving. Additionally, Southern Light requests
21 that the Commission regulate its local exchange services in accordance with the
22 principles and procedures established for flexible regulation in Order No. 98-165 in
23 Docket No. 97-467-C. And, under S.C. Code Ann. § 58-9-585 and the general regulatory

1 authority of the Commission, Southern Light requests that the Commission regulate its
2 interexchange service offerings as described below in accordance with the principles and
3 procedures established for alternative regulation in Orders No. 95-1734 and 96-55 in
4 Docket No. 95-661-C, and as modified by Order No. 2001-997 in Docket No. 2000-407-
5 C.

6 **Q. PLEASE GIVE A BRIEF OVERVIEW OF UNITI GROUP AND THE**
7 **APPLICANTS.**

8 **A.** Uniti Group is a public company (NASDAQ: UNIT) organized under the laws of the
9 State of Maryland, and is headquartered in Little Rock, Arkansas. The company is a real
10 estate investment trust (“REIT”) that does not provide telecommunications services itself
11 but engages in the acquisition and construction of infrastructure in the communications
12 industry. Uniti Group is the parent company of Southern Light, and Tower Cloud.
13 Southern Light is an Alabama limited liability company formed on July 29, 1991. A copy
14 of its formation documents are attached to the Application as Exhibit A. Attached as
15 Exhibit B to the Application is a copy of Southern Light's Certificate of Authority to
16 Transact Business as a foreign corporation in South Carolina.

17 Southern Light is currently authorized to provide intrastate telecommunications
18 service in Georgia, Florida, Mississippi, Alabama, Louisiana and Kentucky. Southern
19 Light is also authorized to provide interstate telecommunications services by the Federal
20 Communications Commission.

21 The Commission granted Tower Cloud a certificate of public convenience and
22 necessity to provide resold and facilities based interexchange services in South Carolina
23 on August 27, 2010 by Order No. 2010-592 issued in Docket No. 2010-172-C.

1 **Q. WHAT IS THE PURPOSE OF THE APPLICATION?**

2 **A.** The Application was filed in support of a series of planned *pro forma* intra-company
3 transactions whereby Tower Cloud will merge with and into Southern Light, with
4 Southern Light surviving (the “Transaction”). The Transaction is being undertaken to
5 consolidate and streamline operations among several businesses owned by Uniti Group
6 into a single unified and rebranded operating entity: Southern Light. As part of the
7 Transaction, the Applicants intend to move all existing customers and operations into
8 Southern Light. As such, the Applicants hereby request approval for the issuance of
9 operating authority to Southern Light, and for authority to undertake the Transaction, in
10 order to continue to manage the network and services in South Carolina currently
11 undertaken by Tower Cloud. Following the transaction, Applicants will make appropriate
12 filings with the Commission to cancel Tower Cloud's existing certificate.

13 **Q. PLEASE DESCRIBE THE RELATIONSHIP BETWEEN SOUTHERN LIGHT**
14 **AND UNITI FIBER LLC, AND WHAT THE COMPANIES’ PLANS ARE WITH**
15 **RESPECT TO “UNITI FIBER’S” AFFILIATES IN SOUTH CAROLINA.**

16 As background, "Uniti Fiber" is a consortium of commonly-owned operating companies
17 holding various certificates of public convenience and necessity across multiple
18 jurisdictions, all recently acquired by Uniti Group. Uniti Fiber includes Southern Light,
19 Uniti Fiber LLC, Tower Cloud, PEG Bandwidth, Hunt Telecom, and Contact Network
20 (many of which do not operate in South Carolina). Uniti Fiber’s goal is to integrate
21 the business operations, networks, and customer bases of these various companies into a
22 more unified organization rather than under separate individual operating companies. As
23 part of that effort, Uniti Fiber been undertaking various analyses to determine how to

1 transfer assets and other operations between these companies in order to streamline the
2 number of licensed operating companies across a wide geographic area (including most
3 of the Gulf Coast, East Coast, Northeast and Midwest U.S.). These analyses include
4 considerations including tax implications, customer service requirements, regulatory
5 implications, and other issues.

6 After conducting this analysis in the Spring of 2017, Uniti Fiber decided
7 (initially) to merge Tower Cloud, Inc. into Uniti Fiber LLC as part of this reorganization
8 effort. As a result, an application was submitted to this this Commission seeking
9 approval for new operating authority for Uniti Fiber LLC, and for the approval to merge
10 Tower Cloud, Inc. into Uniti Fiber LLC. That application was dated April 24, 2017, was
11 assigned Docket No. 2017-147-C, and was approved on August 25, 2017.

12 On July 3, 2017, Uniti Group Inc. acquired Southern Light, LLC (an Applicant in
13 this Docket) and Hunt Telecommunications, and these two companies became part of the
14 Uniti Fiber umbrella of companies. Through these two acquisitions, Uniti Fiber's
15 operations were significantly enhanced in scope. Neither of these companies currently
16 holds a certificate in South Carolina, (and Hunt Communications is not seeking any
17 authority in this Docket).

18 Subsequent to the approval of the Uniti Fiber LLC application (in Docket No.
19 2017-147-C), Uniti Fiber undertook a new review of how it would consolidate the
20 various Uniti Fiber operating companies, which now further included consideration of
21 Southern Light, LLC and Hunt Telecommunications. Through that analysis, Uniti
22 Fiber's regulatory, tax, and business consultants determined that the most efficient and
23 effective course of action was to merge Tower Cloud, Inc. into Southern Light, LLC,

1 rather than into Uniti Fiber, LLC. As such, the current application (Docket No. 2017-
2 294-C) seeks approval for Southern Light, LLC to obtain authority to provide
3 telecommunications services in South Carolina, and to merge Tower Cloud, Inc. into
4 Southern Light, LLC. Consequently, Tower Cloud will not merge into Uniti Fiber LLC,
5 but for the time being Uniti Fiber LLC nonetheless intends to maintain the certificate
6 granted by this Commission in Docket No. 2017-147-C.

7 **Q. PLEASE DESCRIBE THE SERVICES SOUTHERN LIGHT PROPOSES TO**
8 **OFFER IN SOUTH CAROLINA**

9 **A.** Southern Light seeks authority to provide facilities-based and resold local exchange,
10 exchange access, and interexchange telecommunications services in South Carolina.
11 Southern Light will offer interexchange telecommunications statewide. To the extent
12 Southern Light provides switched local exchange services, it will initially do so in the
13 areas served by AT&T and does not plan to provide service in areas of any small or rural
14 local exchange carriers. However, Southern Light does seek authority to provide local
15 exchange services in all areas that are currently open, or become open in the future, to
16 competition so that it may expand into other services as market conditions warrant.

17 Southern Light's current business is building communications solutions for
18 enterprise and carrier customers individually for each projects' needs. Southern Light will
19 primarily provide Dark Fiber, Private Line, Ethernet, Wavelength, Dedicated Internet
20 Access and Collocation services to wholesale (e.g., other carriers), and customers in
21 government, health care, education, financial services, and other large enterprises. It will
22 primarily provide services using its own facilities and facilities leased from other carriers,
23 but also seeks authority to provide service for resale. Southern Light does not intend to

1 initially offer voice services, but seeks authority to do so, should Southern Light decide to
2 expand its services as market conditions dictate. To the extent Southern Light provides
3 voice telephone services in the future, Southern Light intends to use the existing local
4 exchange boundaries and established local calling scope of the incumbent local exchange
5 carriers in South Carolina. Southern Light will perform network and equipment
6 maintenance necessary to ensure compliance with any quality of service requirements.
7 Southern Light will comply with all applicable Commission rules, regulations and
8 standards, and will provide safe, reliable and high quality telecommunications services in
9 South Carolina. Southern Light has not yet entered into or requested
10 interconnection/resale agreements in South Carolina as such agreements are generally not
11 required to provide the services it will initially offer as described above. Southern Light,
12 however, will assign Tower Cloud's interconnection and other relevant carrier
13 agreements to Southern Light in connection with the Transaction. Southern Light's
14 proposed tariff, setting forth the terms, conditions, rates, charges and regulations pursuant
15 to which Southern Light proposes to provide regulated telecommunications service is
16 provided in the Application as Exhibit C.

17 **Q. DOES SOUTHERN LIGHT POSSESS SUFFICIENT TECHNICAL AND**
18 **MANAGERIAL RESOURCES TO PROVIDE THE SERVICES FOR WHICH IT**
19 **REQUESTS AUTHORITY?**

20 **A.** Yes. Southern Light possesses sufficient technical and managerial resources to provide
21 the services for which it requests authority. Southern Light's key management and
22 technical personnel have significant business and telecommunications experience.
23 Biographies for Southern Light's key management team are provided as Exhibit E to the

1 Application. The management team is backed by a number of other professionals, many
2 of which also have dozens of years of experience in the telecommunications industry.

3 **Q. DOES SOUTHERN LIGHT POSSESS SUFFICIENT FINANCIAL RESOURCES**
4 **TO PROVIDE THE PROPOSED SERVICES FOR WHICH IT REQUESTS**
5 **AUTHORITY?**

6 **A.** Yes, Southern Light possesses sufficient financial resources to provide the proposed
7 services. In support of the Company's financial ability to provide the proposed services,
8 Southern Light provided financial statements as Exhibit D to the Application. The
9 financial statements demonstrate that Southern Light has the financial resources
10 necessary to provide services in South Carolina. Moreover, Southern Light will be
11 financially backed by Uniti Group Inc., which is a publicly-traded real estate investment
12 trust (NASDAQ: UNIT). The Applicants incorporate by reference Uniti Group's most
13 recent financial statements, which are available at:
14 <http://investor.uniti.com/phoenix.zhtml?c=253961&p=irol-sec>.

15 **Q. WILL GRANTING THE APPLICATION SERVE THE PUBLIC INTEREST?**

16 **A.** Yes. The public interest of the citizens of South Carolina will be served by granting the
17 Application. First, Southern Light will enhance competition in the State of South
18 Carolina by offering additional service options and high service quality to South Carolina
19 telecommunications users. Second, by approving the merger of Tower Cloud into
20 Southern Light, the Commission will enable the companies to integrate these businesses
21 into a single, combined entity that will not only continue to operate the existing Tower
22 Cloud business in South Carolina, but expand upon that existing business as a stronger
23 competitor.

1 **Q. WILL THE SERVICE PROVIDED BY SOUTHERN LIGHT MEET ALL**
2 **SERVICE STANDARDS THAT THE COMMISSION MAY ADOPT?**

3 **A.** Yes, it will.

4 **Q. WILL THE PROVISION OF SERVICE BY SOUTHERN LIGHT ADVERSELY**
5 **IMPACT THE AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE**
6 **SERVICE IN SOUTH CAROLINA?**

7 **A.** No. The service provided by Southern Light will not adversely impact the availability of
8 affordable local exchange service in South Carolina. Southern Light will continue to
9 manage Tower Cloud's existing fiber backhaul network and services, and will expand its
10 business as opportunities warrant.

11 **Q. WILL SOUTHERN LIGHT PARTICIPATE IN THE SUPPORT OF**
12 **UNIVERSALLY AVAILABLE TELECOMMUNICATIONS SERVICE AT**
13 **AFFORDABLE RATES?**

14 **A.** Yes. To the extent that Southern Light provides services subject to universal service and
15 related requirements in South Carolina, it will participate in the support of universally
16 available telecommunications services at affordable rates.

17 **Q. IS SOUTHERN LIGHT REQUESTING FLEXIBLE REGULATION OR**
18 **ALTERNATIVE TREATMENT OF ITS LOCAL EXCHANGE SERVICE**
19 **OFFERINGS?**

20 **A.** Yes. Southern Light requests that, pursuant to 10 S.C. Reg. 103-601(3), the Commission
21 waive the following Commission Rules:

- 22 1. 10 S.C. Reg. 10-3-610: Southern Light requests a waiver of the requirement in Rule 103-
23 610 that all records required under the rules be kept within the State. Southern Light

1 maintains its records at its principal offices in its operational headquarters at 107 St.
2 Francis Street, Suite 1800, Mobile, Alabama 36602. As such, maintaining a separate set
3 of books and records in South Carolina for Southern Light's South Carolina operations
4 would be unduly costly and burdensome. All such books and records shall be provided to
5 the Commission Staff or the Office of Regulatory Staff ("ORS") in a timely manner upon
6 request, and will also make those books and records available to the Commission Staff or
7 the ORS its offices in Florida.

8 2. 10 S.C. Reg. 103-611: Southern Light requests that it be exempt from any recordkeeping
9 rules or regulations that might require a carrier to maintain its financial records in
10 conformity with the Uniform System of Accounts ("USOA"). The USOA was developed
11 by the FCC as a means of regulating telecommunications companies subject to rate base
12 regulation. As a competitive carrier, Southern Light will not be subject to rate base
13 regulation and therefore should not be subject to USOA requirements. Southern Light
14 maintains its books in accordance with Generally Accepted Accounting Principles
15 ("GAAP").

16 3. Flexible Regulation of Local Exchange Services: Southern Light respectfully requests
17 that its local service offerings be regulated in accordance with procedures outlined in
18 Order No. 98-165 in Docket No. 97-467-C.

19 4. Alternative Regulation of Business Service Offerings. Southern Light requests that all of
20 its business service offerings be regulated pursuant to the procedures described and set
21 out in Commission Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C, as modified
22 by Commission Order No. 2001-997 in Docket No. 2000-407-C. It is Southern Light's
23 intent by this request to have its business services regulated in the same manner as this

Commission has permitted for AT&T Communications of the Southern States, Inc. ("AT&T"). Specifically, Southern Light requests that the Commission: a. remove the maximum rate tariff requirements for its business services, private line, and customer network-type offerings; b. presume that the tariff filings for these uncapped services be valid upon filing (subject to any instance where the Commission institutes an investigation of a particular filing within seven (7) days, in which case the tariff filing would be suspended until further order of the Commission); and c. grant Southern Light the same treatment as AT&T in connection with any future relaxation of the Commission's reporting requirements.

Q. WHAT ACTION ARE YOU ASKING THE COMMISSION TO TAKE IN REGARD TO THE APPLICATION?

A. The Applicants respectfully request that the Commission approve the Application for a Certificate of Public Convenience and Necessity to permit Southern Light to provide local exchange and interexchange telecommunications service in the State of South Carolina, as described herein and in the Application in this matter, including Exhibits, which is incorporated herein by reference, and grant flexible and alternative regulation for those services as described above. They also request approval of the Application to consummate the Transaction as discussed herein and the Application, which will result in the merger of Tower Cloud into Southern Light, with Southern Light surviving.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.